

Early Morning Update:

The Jul18 natural gas contract is trading up \$0.05 at \$2.99. The Aug18 crude contract is up \$0.87 at \$71.40.

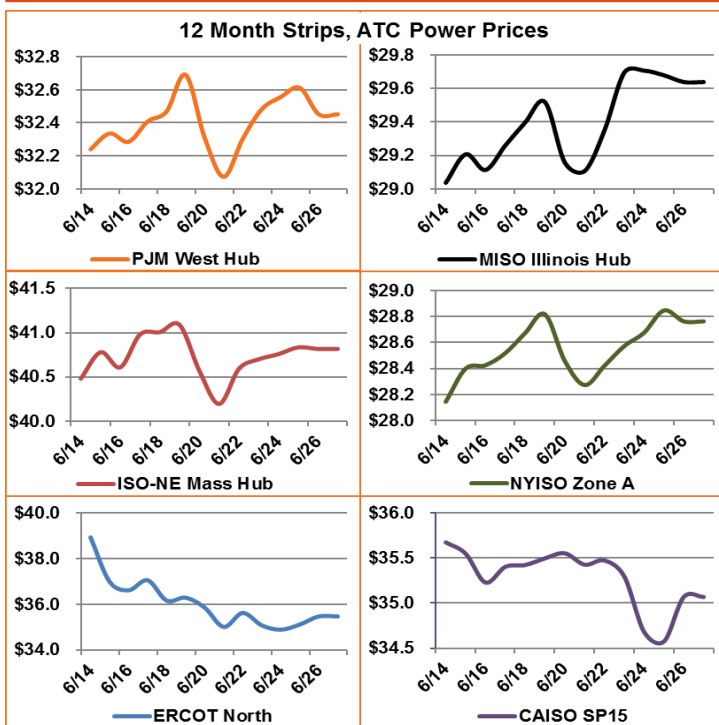
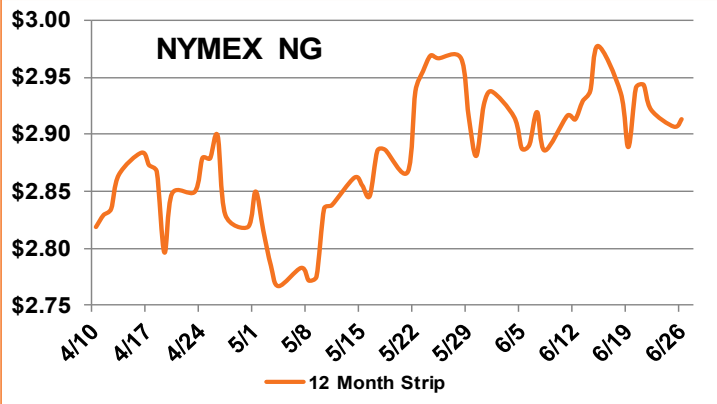
Summary: On its second to last day of trading, the July 2018 NG contract settled 1.6 cents higher at \$2.939/MMBtu on Tuesday. The market was focused on the near-term yesterday, with calendar strip prices moving less than a penny in either direction. Market fundamentals have been mixed, and near-term natural gas has been searching for direction as a result. On one hand, U.S. dry natural gas production levels are at record highs with continued growth expected this year, keeping supply levels high. On the flip side, demand has also risen, primarily due to power burns and LNG exports, eating away the potential for high storage injections. Anticipations for strong heat to finish June and carry into July will not only keep natural gas demand strong, but can also set peak electricity demand. ERCOT is on alert for a potential 4CP for June this afternoon, and other ISOs have forecasted peak demand in the foreseeable future. Please be on the lookout for peak demand alerts from Direct Energy Business over the next weeks.

Bullish Factors

- High power burns
- LNG exports ramping up
- Warmer-than-normal weather

Bearish Factors

- Strong NG production
- Growing renewable energy generation
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Next Day On-Peak Power (traded for 6/27/2018)

ISO-NE Mass Hub \$29.36	MISO Indiana Hub \$39.94	NYISO Zone G \$30.00
PJM West Hub \$29.89	ERCOT North \$45.81	CAISO SP15 \$32.16
NYMEX NG	Close	Change
Jul-18	2.939	0.016
Aug-18	2.931	0.010
12 Month	2.913	0.007
Cal 19	2.806	0.004
Cal 20	2.679	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,004	1,913	2,761	2,503
Diff v. Current		91	-757	-499
% Diff			-27.4%	-19.9%

